

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7853

BILL NUMBER: HB 1810

NOTE PREPARED: Jan 7, 2005

BILL AMENDED:

SUBJECT: Income Tax Check-off.

FIRST AUTHOR: Rep. Brown C

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill adds prostate cancer research as a charitable purpose to which an individual may choose to give all or part of the individual's income tax refund. The bill establishes the Prostate Cancer Research Trust Fund under the administration of the Budget Agency. It makes a continuing appropriation of the money held in the Prostate Cancer Research Trust Fund.

Effective Date: January 1, 2006.

Explanation of State Expenditures: *Prostate Cancer Research Trust Fund:* This bill creates the Prostate Cancer Research Trust Fund. The purpose of the Fund is to receive, hold, and disburse money as a fiduciary. The Budget Agency shall administer the Fund. The Fund consists of: (1) grants, gifts, and donations intended for deposit in the Fund, including payments from income tax refunds, (2) appropriations, and (3) interest that accrues from money in the Fund. Money in the Fund does not revert to the state General Fund at the end of the state fiscal year. The State Budget Agency shall make grants from the aforementioned accounts.

State Income Tax Check-Off: The Department of State Revenue (DOR) would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to incorporate the tax refund check-off for the Prostate Cancer Research Trust Fund. The bill also requires the DOR to include a written description of the purposes and uses of the Fund in the instructions for the individual income tax return. The check-off would begin in tax year 2006. The expenses relating to these changes presumably could be absorbed given the DOR's existing budget and resources.

Budget Agency: The bill requires the Budget Agency to make grants available from the Fund. The fiscal impact

of this bill, as well as the procedures for administering the grants, will be dependent upon administrative actions taken by the State Budget Agency. The Budget Agency does not have the in-house expertise or resources to administer grants, so either additional staff may be needed, or the Budget Agency may contract for administration of the grants. Ultimately, the source of funds and resources required for administration of the grants will depend upon legislative and administrative actions.

Explanation of State Revenues: *State Income Tax Check-Off:* The bill establishes a check-off for income tax refunds to be designated to the Prostate Cancer Research Trust Fund. The check-off applies beginning in tax year 2006. Thus, the Fund could potentially receive tax refund money for the first time in FY 2007. The number of taxpayers with refunds that may select the Prostate Cancer Research Trust Fund check-off and the amounts such taxpayers may direct to the check-off is indeterminable. However, it could potentially reduce the amount that would otherwise be designated by taxpayers for the Indiana Nongame and Endangered Wildlife Fund. This is the only income tax refund check-off that exists under current statute. The check-off for the Nongame and Endangered Wildlife Fund generated \$407,162 from 33,107 filers in tax year 2002. This is an average of \$12.30 per filer selecting the check-off.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue; State Budget Agency.

Local Agencies Affected:

Information Sources: OFMA Income Tax database, 2002; Bob Lain, State Budget Agency, (317) 232-3471.

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